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FM SECSTATE WASHDC

TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

AMCONSUL NAHA

AMEMBASSY MOSCOW

INFO CINCPAC HONO HI

COGARD

GOVGUAM

TREASURY

XMT AMEMBASSY SUVA

AMEMBASSY RANGOON

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E.O. 11652: N/A

TAGS: PFOR, XC, US

SUBJECT: SEPTEMBER 12 EA PRESS SUMMARY

1. INDOCHINA

US INFORMED ADB THAT IT WANTS RETURN 5 MILLION DOLS EARMARKED FOR EXPANSION NAM NGUM DAM IN LAOS, ACCORDING DOS SPOKESMAN ANDERSON, WHO EXPLAINED ACTION WAS BECAUSE NEW LAOTIAN GOVT ORDERED USAID MISSION WITHDRAWAL AND BECAUSE OF CONGRESSIONAL OPPOSITION TO CONTINUED AID TO LAOS. ANDERSON SAID SAW NO REASON WHY DAM PROJECT COULD NOT GO ON WITHOUT US CONTRIBUTION, NOTED US WOULD CONTINUE COOPERATION WITH ADB IN OTHER PROJECTS (REUTER, WP). LAOTIAN GOVT ANNOUNCED WILL COMPLETE PROJECT WITH OR WITHOUT US HELP (CHITRIB).

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NVN DENIES REPORTS THAT NEGOTIATIONS UNDER WAY WITH ARMS DEALERS TO SELL US WAR MATERIAL CAPTURED IN SVN, BLAMES NEWS MEDIA FOR LAUNCHING RUMORS, CALLS REPORTS "BADLY INTENDED...TOTAL FABRICATION" (AFP, WP).

SAIGON MIL MGMT. COMMITTEE ARRESTS SEVERAL ALLEGED HOARDERS, INCLUDING UNIDENTIFIED FOREIGNERS. GOVT ANNOUNCES NEW 14-POINT POLICY TO BRING ECONOMY UNDER MORE STATE CONTROL, PUNISH HOARDERS, PROFITEERS (WP).

DIP SOURCES IN PEKING SAY PRC GRANTED BILLION DOL LOAN TO CAMBODIA TO BE SPENT OVER 5-YR PERIOD (WP).

2. INDOCHINA REFUGEES

ARLINGTON SCHOOL BOARD USES OWN FUNDS, ASKS COUNTY FOR MATCHING AMOUNT TO EASE UNDERSTAFFING PROBLEMS LARGELY CREATED BY ARRIVAL 350 VIET REFUGEE STUDENTS (KNIGHT, WP). GLOBE'S SALES (9/11) TELLS OF VN VET WHO STAYED THERE SEVERAL YRS AFTER DISCHARGE, BECAME BUDDHIST, HAS SO FAR ;PONSORED 25 REFUGEES.

3. JAPAN

ANDERSON/WHITTEN (WP) STATE MINDEF SAKATA HAS GIVEN "SECRET ASSURANCES" US CAN USE BASES IN JAPAN TO REPEL NK ATTACK ON SK. ALSO NOTE SECSTATE MADE "ANTIJAPANESE CRACKS" IN SECRET POLICY COUNCILS.

WP CITES OFFICIALS WHO SAID WEDNESDAY GOJ WILL PUMP 40 BILLION DOLS INTO RECESSION-RIDDEN ECONOMY TO PROMOTE TWO PERCENT REAL GNP GROWTH IN JFY 75.

JAMESON (LAT 9/11) SAYS MITI OFFICIAL TOLD FOREIGN PRESS WEDNESDAY "NEITHER YES NOR NO" ANSWER COULD BE GIVEN DOW CHEMICAL APPLICATION TO BUILD CAUSTIC SODA PLANT IN JAPAN, BUT ALL HIS COMMENTS POINT TO REFUSAL.

JSP SAID THURSDAY PLANS SEND FIRST OFFICIAL MISSION TO US IN 18 YEARS. LED BY SABURA EDA, WHO SAID GROUP PLANS MEET DOS OFFICIALS, CONGRESSMEN, SCHOLARS, BUSINESSMEN (AP, NYDN). UNCLASSIFIED

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CONSOLIDATED FOODS SAYS AGREED WITH AJINOMOTO TO CONDUCT "FULL MARKET TEST" OF SARA LEE CAKE PRODUCTS IN TOKYO THIS FALL (CHITRIB).

INTL PAPER SIGNED LETTER OF INTENT FORM JOINT VENTURE WITH ISHIZUKA GLASS (NAGOYA) TO MAKE, MARKET PLASTIC-COATED PAPER-BOARD MILK CONTAINERS (WSJ, NY).

CULLISON (JOC) SAYS OHIRA SUGGESTED THURSDAY TO MOF OFFICIALS THAT BANK OF JAPAN LIKELY ANNOUNCE LARGE-SCALE CREDIT RELAXATION PACKAGE WITHIN WEEKS, PERHAPS EVEN DAYS, BECAUSE OF OBVIOUS NEED REFLATE ECONOMY.

CULLISON ALSO CITES JAPAN SHIP EXPORTERS ASSN FIGURES, THAT SHOW EXPORT ORDERS FOR 30 SHIPS CANCELLED SINCE APR 1974; TOTALLED 1,785, 000 TONS.

4. DIEGO GARCIA

SEN CLARK (IOWA) FILED AMENDMENT TO DOS AUTHORIZATION BILL, SEEKING REQUIRE USG SAY IF IT TOOK PART IN FORCED EVACUATION OF 1,000 ISLANDERS TO ESTABLISH MIL BASE IN DIEGO GARCIA (WP).

5. GENERAL

WALLACH (BALTO N-A 9/11) SAYS PRES FORD FACES BUSY DIPLOMATIC SCHEDULE THIS FALL, WITH VISITS BY HIROHITO, SADAT, PRIVATE VISIT BY KING OLAF, CAPPED BY SUMMIT WITH BREZHNEV TENTATIVELY SET FOR LATE NOV, AND FIRST VISIT CHINA LATE DEC. SECSTATE PLANS PREPARE FOR LATTER TWO DURING VISITS PEKING IN OCT, MOSCOW IN NOV.

ANDERSON/WHITTEN (WP) SAY CHINESE COMMUNISTS "GAINED THE EAR OF THE RULERS" IN INDONESIA, MALAYSIA, PHILIPPINES, SINGAPORE, THAILAND. "SIGNIFICANTLY" ARE WHISPERING ANTI-SOVIET, NOT ANTI-US REMARKS.

6. THAILAND

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THOUSANDS POSTAL WORKERS STRIKE, CUTTING MOST COMMUNICATIONS WITH OUTSIDE WORLD. STRIKERS DEMAND POST AND TELEGRAPH ORGANIZATION BE TRANSFORMED FROM GOVT DEPT INTO STATE ENTERPRISE (AP NYT, NYDN).

7. PHILIPPINES

MARCOS PARDONS, REDUCES SENTENCES 416 PRISONERS TO MARK 58TH BIRTHDAY. OBSERVERS NOTE PRES DID NOT RELEASE ANY OF HUNDREDS POL DETAINEES ARRESTED FOLLOWING IMPOSITION MARTIAL LAW 3 YRS AGO (AFP, WP).

NYT'S BUTTERFIELD AT MINDANAO STATE U NOTES REBELS
RECRUIT GUERRILLAS THERE, WHILE GOVT POURS MILLIONS
IN TO TRY WIN DISSIDENTS' ALLEGIANCE, U PRES OUSTED
FOR CORRUPTION, SOLDIERS ROBBED BANK, SHOT UP RADIO
STATION. SAYS U HAS BECOME MAJOR FOCUS MOSLEM
REBELLION. QUOTES FACULTY MEMBER THAT GOVT FUNDS
POURED IN ARE ATTEMPT TO BUY OFF REBELS SINCE MOST MONEY
LEAKS OUT OF CAMPUS, MAY HAVE GONE PAY OFF REBEL,
BANDIT GROUPS. NOTES SHOOTING ALMOST EVERY NIGHT AND SOME
OFFICIALS SUGGEST CLOSING SCHOOL, BUT MORO LIB FRONT
LEADERS HOPE WILL STAY OPEN BECAUSE LIBRARY PROVIDES

BOOKS TO READ "WHILE WE ARE OUT HERE IN THE JUNGLE."

8. INDONESIA/PHILIPPINES

DOCUMENTS MADE PUBLIC BY SFRC SUBCOMM ON MULTINATIONAL CORPS SHOW PATTERN OF CLOSE COOPERATION BETWEEN LOCKHEED, USG AGENCIES IN PUSHING WORLDWIDE SALES THROUGH PAYMENTS THAT OFTEN WENT HIGH OFFICIALS FOREIGN NATIONS. COUNTRIES MENTIONED INCLUDED SAUDI ARABIA, INDONESIA, IRAN, PHILS. PAYMENTS IN INDONESIA MAY HAVE REACHED SUKARNO, SUHARTO THROUGH AGENT CHECKED OUT BY CIA FOR CLOSE CONNECTIONS; OTHER DEALS INVOLVED PAYMENTS TO INDO AF LEADERS THROUGH SINGAPORE BANK. MEMO FROM LOCKHEED AGENT IN PHILS TOLD OF REQUIREMENT PAY OFF GOVT OFFICIALS, ARMY OFFICERS, JOURNALISTS (JONES, WP). CORRESPONDENCE APPEARS CONFIRM COMPANY PAID JOURNALISTS IN PHILS TO PUBLISH FAVORABLE STORY THROUGH AGENT WHO WAS PREVIOUSLY EMPLOYED IN PROTOCOL SECTION OF PRES' UNCLASSIFIED

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OFFICE. MEMO INDICATES USAF ATTACHE AT JAKARTA ASKED BY LOCKHEED EMPLOYEE CHECK OUT LOCAL AGENT, HAD CIA RESEARCH MATTER (SMITH, NYT).

9. CHINA

FIRE OF UNDETERMINED ORIGIN HEAVILY DAMAGED 3-STORY BRICK BLDG THAT HOUSES ADMIN, MIL LIAISON OFFICES OF ROC IN DC. NO ONE INJURED, FIRE STARTED ABOUT 5:45 PM, BEING INVESTIGATED (WP).

HANGCHOW FACTORY, SCENE FACTIONAL STRIFE, LABOR.
UNREST EARLIER NOW BACK TO NORMAL WITH HIGH PRODUCTION
LEVELS ACCORDING PEOPLE'S DAILY IN LENGTHY FRONT-PG
COMMENTARY. BLAMES TROUBLE ON POOR IMPLEMENTATION
CP'S BASIC LINE; INFLUENCE, SABOTAGE BY REVISIONIST
LINE; BOURGEOIS FACTIONALIST MENTALITY; HANDFUL BAD
ELEMENTS. NOW WORKERS' CONSCIOUSNESS RAISED, REV
UNITY STRENGTHENED (REUTER, WP).

PRC DISCOVERS 3 NEW OIL FIELDS UNKNOWN TO WEST, ACCORDING EXPERTS WRITING IN FALL ISSUE FOREIGN POLICY. ONE FIELD MAY BE IN KWANGTUNG, OTHERS NOT FAR DISTANT. PRC TOTAL PRODUCTION MAY HAVE EXCEEDED 70 MILLION TONS IN 1974, WITH 20-PCT ANNUAL INCREASE ESTIMATED. CHINESE LEADERS HAVE RESISTED EFFORTS BY WESTERN OIL COMPANIES TO MOVE INTO COUNTRY TO MAKE STUDIES; PRC WARY OF FOREIGN ENTANGLEMENTS BUT LACKS TECHNOLOGY. JAPAN IMPORTS MOST CHINESE OIL BUT HK, PHILS, THAILAND ALSO IMPORT SOME. OIL BECOMING

VITAL FACTOR IN PEKING FOREIGN TRADE, FOREIGN POLICY,

ARTICLE NOTES (CHRISS LAT 9/11, GLOBE).

US GRAIN INDUSTRY EXEC SAYS PRC ENJOYS BOUNTIFUL HARVEST, WILL NOT REQUIRE WHEAT, CORN, SOYBEAN IMPORTS THIS YEAR. EXEC RECENTLY RETURNED FROM 13-DAY CHINA TRIP WITH 11 OTHER BUSINESSMEN, MINNESOTA GOV (CHITRIB). FRG, PRC FORGE STRONGER TRADE TIES AS GERMANY OPENS LARGEST, MOST EXPENSIVE TRADE FAIR IN PEKING TO LET CHINESE HAVE LOOK AT WHAT FRG CAN DO, THOUGH BIG UNCLASSIFIED

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EXPORTS WILL BE THING OF FUTURE. GERMANY NOW CHINA'S 3RD MOST IMPORTANT TRADING PARTNER (CSM). CHINA EXTENDS 1972 AID AGREEMENT WITH MAURITIUS, PROMISES SEND AGRIC MACHINERY (AFP, NYT).

TOMB ABOUT 800 YRS OLD YIELDS OLDEST-KNOWN ATLAS CHINESE ZODIAC SIGNS (UPI, NYT). SHIRLEY MACLAINE SAYS CHINESE AMUSED BY WEST'S PREOCCUPATION WITH SEX; IN CHINA GIRL LOOKING FOR HUSBAND FIRST FINDS OUT HIS POLITICAL IDEOLOGY (GLOBE).

COMMENT AND ANALYSIS

10. JAPAN

JAMESON (LAT 9/11) NOTES AMB HODGSON TOLD JAPAN NATL PRESS CLUB WEDNESDAY US, JAPAN ENDED "ONCE STORMY RELATIONSHIP", HAVE ENTERED "NO-PROBLEM ERA" SINCE "WATERSHED" IN 1973. CITED HAK SPEECH IN JUNE AT JAPAN SOCIETY, THAT ADMITTED US TACTICS CONTRIBUTED TO "MISUNDERSTANDINGS" THAT OCCURED 1971. HINTED INDIRECTLY CHANGE IN HAK ATTITUDE HELPED IMPROVE CLIMATE. ADDED FOR THOSE WO MAY HAVE THOUGHT HAK INATTENTATIVE TO JAPAN, PAST YEAR HAS SEEN "CONVINCING EVIDENCE TO THE CONTRARY". SAID GOAL NO LONGER "FINE-TUNING" US-JAPAN RELATIONS, BUT "NURTURING" THEM WITH CONSTANT CONSULTATION.

HALLORAN (NYT) IN TOKYO STATES LYNETTE FROMME WOULD HAVE HAD TOUGH TIME TRYING GET HANDGUN IN JAPAN, WHERE GUN CONTROLS SO TIGHT CRIMINALS RESORT TO REMODELING TOY PISTOLS FOR GANG WARS. LAW PROHIBITS PRIVATE OWNERSHIP, AND ILLEGAL POSSESSION OF HANDGUNS PUNISHED BY UP TO FIVE YRS IN PRISON. AS RESULT, ONLY 37 HOMICIDES WITH PISTOLS LAST YEAR, 34 COMMITTED BY GANGSTERS AGAINST FELLOW GANGSTERS.

PEARLSTINE (WSJ) IN TOKYO WRITES ACTS OF VIOLENCE
AGAINST PUBLIC FIGURES AS COMMON IN JAPAN AS US, BUT
ASSASSINATION ATTEMPTS THERE SELDOM SUCCEED BECAUSE OF
WORLD'S TOUGHEST GUN-CONTROL LAW. WOULD-BE ASSASSINS
FORCED RELY ON KNIVES, FIRE-BOMBS, CLUBS, WHICH CREATES

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DIFFICULT PROBLEM OF GETTING CLOSE TO TARGET, MAKES DISARMING EASIER.

11. KOREA

GLOBE'S CROCKER SNOW SAYS MIL DOL GIFT BY KOREAN TRADERS ASSN TO EAST ASIAN STUDIES PROGRAM CAUSING PROBLEMS AT HARVARD. KOREAN PRESS STORY THAT AIM OF GIFT TO CURRY FAVOR WITH HARVARD-ORIENTED WORLD BANK AS ROK STARTS NEW 5-YR PLAN, AND COUNTERACT ANTI-GOVT MOVES BY COHEN, REISCHAUER HAS CAUSED RED FACES, REBUTTALS AT HARVARD, AND IN OTHER US ACADEMIC CIRCLES. NOTES HARVARD EXPLAINED TO KTA GRANT ACCEPTED TO FUND "MODERN KOREAN STUDIES" WITHOUT DIFFERENTIATION BETWEEN NK, SK, AND KOREAN WOULD NOT FILL CHAIR. ADDS ISSUE OF ACADEMIC FREEDOM COMPOUNDED BY FACT SOME SK STUDENTS SUSPECTED OF REPORTING TO SEOUL ON ATTITUDES, ACTIVITIES OF OTHER KOREANS AT HARVARD.

12. INDOCHINA

NYT SAYS OUTSIDERS CAN ONLY GUESS AT INTRICATE DEALINGS THAT BROUGHT SIHANOUK BACK, AS MYSTERIOUS AS HIS REAL STATUS WITH NEW PP POWER STRUCTURE. OPINES PRINCE IS NOT TO BE IGNORED BY FRIEND OR FOE. BELIEVES US HAS EVERY REASON WELCOME HIM AS NATL LEADER IF HE COMES TO UNGA, SINCE LONG RECORD INDICATES SIHANOUK HAS NEVER PLAYED PUPPET FOR ANYONE FOR LONG. NOTES CAMBODIAN DEP PREMIER AT UNGA SPECIAL SESSION MARKEDLY RESTRAINED IN CRITICISM OF US; MAYAGUEZ INCIDENT EMERGES MORE CLEARLY AS ISOLATED ACT OF CONFUSION, NOT HOSTILE INTENT. RECOMMENDS SIHANOUK RETURN BE GRASPED AS OCCASION EXPLORE RE-OPENING US-CAMBODIAN CONTACTS.

13. CHINA

BETH POND (CSM) PERCEIVES MOSCOW RESIGNED TO CONTINUATION OF FEUD WITH PEKING IN POST-MAO PERIOD. BASES VIEW ON SPECIFIC CHARGE, AMID CURRENT ANTI-CHINESE DRUMFIRE IN SOVIET PRESS, THAT CHINESE AIM PERPEPTUATE MAO-ISM AFTER MAO. NOTES DIPLOMATS NOT CLEAR ABOUT TIMING OF NEW BLITZ, BUT BELIEVE MAY BE LINKED TO CONFERENCE UNCLASSIFIED

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OF E, WEUR COMMUNIST PARTIES SOVIETS HAVE BEEN TRYING CONVENE FOR SOME TIME.

BALTO N-A EDIT (9/11) AGREES THAT "RED CHINA" AND SOVIET UNION HAVE DEEP IDEOLOGICAL DIFFERENCES,

YET CAUTIONS THEY AAGREE ON ONE PRINCIPLE -- TO COOPERATE WITH SPIRIT OF DETENTE ONLY SO FAR AS STRENGTHENS THEMSELVES AND UNDERCUTS US.

DENVER U GEOG PROF ANDREW MARCH (NYT) DECLARES CHANGES IN CHINA ARE NOT "NEW ORIENTAL SUBTLETIES", NOR IS "LIBERATION" JUST NEW CLIQUE GRASPING OLD LEVERS OF POWER -- BIG FACT OF REVOLUTION IS THAT FARMS, PASTURES, FACTORIES, OTHER BASIC RESOURCES, ENTERPRISES NOW OWNED, OPERATED COLLECTIVELY BY PEOPLE, OR STATE IN THEIR NAME. WITHOUT THIS CHINESE WOULD STILL BE SICK, STARVING, DIVIDED, HELPLESS -- WHICH IS IMPORTANT POINT, FAR MORE RELEVANT TO US THAN TABLETENNIS, KUNG-FU OR DAY-TO-DAY ADVANCE AND RETREAT OF PERSONALITIES ON POLITICAL STAGE IN PEKING. KISSINGER

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